



7020-02

INTERNATIONAL TRADE COMMISSION

Investigation No. 337-TA-1016

Certain Access Control Systems and Components Thereof

Notice of the Commission's Final Determination Finding a Violation of Section 337; Issuance of Limited Exclusion Order and Cease and Desist Orders; Termination of the Investigation

AGENCY: U.S. International Trade Commission.

ACTION: Notice.

SUMMARY: Notice is hereby given that the U.S. International Trade Commission has found a violation of section 337 in this investigation and has issued a limited exclusion order prohibiting importation of infringing access control systems and components thereof and issued cease and desist orders directed to the following respondents: Techtronic Industries Company Ltd. of Tsuen Wan, Hong Kong ("TTi HK"); Techtronic Industries North America Inc. of Hunt Valley, Maryland ("TTi NA"); One World Technologies, Inc. of Anderson, South Carolina ("One World"); and OWT Industries, Inc. of Pickens, South Carolina ("OWT"). The investigation is terminated.

FOR FURTHER INFORMATION CONTACT: Panyin A. Hughes, Office of the General Counsel, U.S. International Trade Commission, 500 E Street, S.W., Washington, D.C. 20436, telephone 202-205-3042. Copies of non-confidential documents filed in connection with this investigation are or will be available for inspection during official business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary, U.S. International Trade Commission, 500 E Street, S.W., Washington, D.C. 20436, telephone 202-205-2000. General information concerning the

Commission may also be obtained by accessing its Internet server (<https://www.usitc.gov>). The public record for this investigation may be viewed on the Commission's electronic docket (EDIS) at <https://edis.usitc.gov>. Hearing-impaired persons are advised that information on this matter can be obtained by contacting the Commission's TDD terminal on 202-205-1810.

SUPPLEMENTARY INFORMATION: The Commission instituted this investigation on August 9, 2016, based on a complaint filed by The Chamberlain Group, Inc. of Elmhurst, Illinois ("Chamberlain" or "CGI"). 81 FR 52713 (Aug. 9, 2016). The complaint alleges violations of section 337 of the Tariff Act of 1930, as amended (19 USC 1337), in the importation into the United States, the sale for importation, and the sale within the United States after importation of certain access control systems and components thereof by reason of infringement of one or more of claims 1, 10–12, and 18–25 of U.S. Patent No. 7,196,611 ("the '611 patent"); claims 1–4, 7–12, 15, and 16 of the '319 patent; and claims 7, 11–13, 15–23, and 34–36 of the '336 patent. *Id.* The notice of investigation named the following respondents: TTi HK; TTi NA; One World; OWT; ET Technology (Wuxi) Co., Ltd. of Zhejiang, China (collectively, "Respondents"); and Ryobi Technologies Inc. of Anderson, South Carolina ("Ryobi"). *Id.* The Office of Unfair Import Investigations is not a party to the investigation.

On October 27, 2016, the Commission determined not to review the ALJ's order (Order No. 4) granting a motion to amend the Notice of Investigation to include the following two additional respondents: Techtronic Trading Limited of Kwai Chung, Hong Kong; and Techtronic Industries Factory Outlets Inc., d/b/a Direct Tools Factory Outlet of Anderson, South Carolina (collectively, "Techtronic"). *See* Order No. 4, Comm'n Notice of Non-Review (Oct. 27, 2016).

On November 7, 2016, the Commission determined not to review the ALJ's order (Order No. 6) terminating the investigation as to Ryobi. *See* Order No. 6, Comm'n Notice of Non-Review (Nov. 7, 2016).

On March 15, 2017, the Commission determined not to review the ALJ's order (Order No. 15) granting a motion to terminate the investigation as to Techtronic. Order No. 15, Comm'n Notice of Non-Review (Mar. 15, 2017).

On March 20, 2017, the Commission determined not to review the ALJ's order (Order No. 18) granting a motion to terminate the investigation as to claims 10, 19-20, and 22 of the '611 patent and claims 7, 11-13, 15-18, 35, and 36 of the '336 patent. Order No. 18; Comm'n Notice of Non-Review (Mar. 20, 2017).

On March 27, 2017, the ALJ issued Order No. 23 granting Respondents' motion for summary determination of non-infringement of the asserted claims of the '319 patent, stemming from the ALJ's construction of the claim term "wall console" to mean "a wall-mounted control unit including a passive infrared detector." *See* Order No. 13 (*Markman* Order at 80).

The ALJ held an evidentiary hearing from May 1, 2017 through May 3, 2017, on issues solely relating to the '336 patent.

On May 3, the Commission determined to review Order No. 23 that granted Respondents' motion for summary determination of non-infringement of the '319 patent. On review, the Commission determined to construe "wall console" as a "wall-mounted control unit," vacated Order No. 23, and remanded the investigation as to the '319 patent to the ALJ for further proceedings. *See* Comm'n Op. (May 5, 2017) at 1-2.

On May 31, 2017, the Commission determined not to review the ALJ's order (Order No. 28) granting a motion to terminate the investigation as to all of the pending claims of the '611 patent. Order No. 28; Comm'n Notice of Non-Review (May 31, 2017).

The ALJ held a second evidentiary hearing from July 12, 2017, through July 13, 2017, on issues relating to the '319 patent.

On November 9, 2017, the Commission determined not to review the ALJ's order (Order No. 36) granting a motion to terminate the investigation as to certain accused products and claims 19-23 of the '336 patent. Order No. 36; Comm'n Notice of Non-Review (Nov. 9, 2017).

On October 23, 2017, the ALJ issued his final ID, finding a violation of section 337 by Respondents in connection with claims 1-4, 7-12, 15, and 16 of the '319 patent. Specifically, the ALJ found that the Commission has subject matter jurisdiction, *in rem* jurisdiction over the accused products, and *in personam* jurisdiction over Respondents. ID at 24-26. The ALJ also found that Chamberlain satisfied the importation requirement of section 337 (19 U.S.C. 1337(a)(1)(B)). *Id.* The ALJ further found that the accused products directly infringe asserted claims 1-4, 7-12, 15, and 16 of the '319 patent, and that Respondents induce infringement of those claims. *See* ID at 130-141, 144. The ALJ also found that Respondents failed to establish that the asserted claims of the '319 patent are invalid for obviousness. ID at 151-212. With respect to the '336 patent, the ALJ found that Respondents do not directly or indirectly infringe asserted claim 34 and that claim 34 is not invalid as obvious. ID at 72-74, 105-119. The ALJ further found that claims 15, 19, and 34 of the '336 patent are invalid under 35 U.S.C. 101 for reciting unpatentable subject matter and that claim 15 is invalid for anticipation but that claims 12, 14, and 19 have not been shown invalid for anticipation. ID at 74-103. Finally, the ALJ

found that Chamberlain established the existence of a domestic industry that practices the asserted patents under 19 U.S.C. 1337(a)(2). *See* ID at 257-261, 288-294.

Also on October 23, 2017, the ALJ issued his recommended determination on remedy and bonding. Recommended Determination on Remedy and Bonding (“RD”). The ALJ recommends that in the event the Commission finds a violation of section 337, the Commission should issue a limited exclusion order prohibiting the importation of Respondents’ accused products and components thereof that infringe the asserted claims of the ’319 patent. RD at 2. The ALJ also recommends issuance of cease and desist orders against respondents Techtronic Industries Company Ltd., Techtronic Industries North America Inc., One World Technologies, Inc., and OWT Industries, Inc. based on the presence of commercially significant inventory in the United States. RD at 5. With respect to the amount of bond that should be posted during the period of Presidential review, the ALJ recommends that the Commission set a bond in the amount of zero (*i.e.*, no bond) during the period of Presidential review. RD at 6-7.

On November 6, 2017, Respondents filed a petition for review as to the ’319 patent and a contingent petition for review as to the ’336 patent. *See* Respondents’ Petition for Review. Also on November 6, 2017, Chamberlain filed a petition for review of the ID, primarily challenging the ALJ’s findings of no violation of section 337 as it pertains to the ’336 patent. *See* Complainant’s Petition for Review of Initial Determination on Violation of Section 337.

On November 14, 2017, Chamberlain and Respondents filed their respective responses to the petitions for review. *See* Complainant’s Response to Respondents’ Petition for Review of Initial Determination on Violation of Section 337; Respondents’ Response to Complainant’s Petition for Review.

On December 22, 2017, the Commission determined to review the final ID in part. 82 FR 61792-94 (Dec. 29, 2017). Specifically, for the '319 patent the Commission determined to review (1) the ID's finding that a combination of prior art references Doppelt, Jacobs, and Gilbert fail to render the asserted claims obvious; and (2) the ID's finding that a combination of prior art references Matsuoka, Doppelt, and Eckel fail to render the asserted claims obvious. For the '336 patent the Commission determined to review (1) the ID's finding that claim 34 recites ineligible patent subject matter under 35 U.S.C. 101; and (2) the ID's finding that Pruessel, either alone or in combination with Koestler, fails to render claim 34 obvious. The Commission requested the parties to brief certain issues. *Id.* On January 5, 2018, the parties filed submissions to the Commission's question and on remedy, the public interest, and bonding. *See* Complainant's Response to Request for Written Submissions Regarding Issues Under Review; Respondents' Response to Request for Written Submissions Regarding Issues Under Review. On January 12, 2018, the parties filed reply submissions. *See* Complainant's Reply to Respondents' Submission Addressing the Commission's December 22, 2017 Notice; Respondents' Reply to Complainant's Submission Regarding Issues Under Review.

Having examined the record of this investigation, including the final ID, and the parties' submissions, for the '319 patent the Commission has determined to (1) affirm the ALJ's finding that a combination of prior art references Doppelt, Jacobs, and Gilbert fail to render the asserted claims obvious and (2) affirm the ALJ's finding that a combination of prior art references Matsuoka, Doppelt, and Eckel fail to render the asserted claims obvious, but reverse the ALJ's finding that Eckel is analogous art. For the '336 patent the Commission has determined to (1) affirm the ALJ's finding that Pruessel, either alone or in combination with Koestler, fails to render claim 34 obvious and (2) take no position on the ALJ's finding that claim 34 recites

ineligible patent subject matter under 35 U.S.C. 101. The Commission adopts the ID's findings to the extent they are not inconsistent with the Commission opinion issued herewith.

Having found a violation of section 337 in this investigation, the Commission has determined that the appropriate form of relief is: (1) a limited exclusion order prohibiting the unlicensed entry of access control systems and components thereof that infringe one or more of claims 1-4, 7-12, 15, and 16 of the '319 patent that are manufactured by, or on behalf of, or are imported by or on behalf of Respondents or any of their affiliated companies, parents, subsidiaries, agents, or other related business entities, or their successors or assigns, are excluded from entry for consumption into the United States, entry for consumption from a foreign-trade zone, or withdrawal from a warehouse for consumption, for the remaining term of the '319 patent except under license of the patent owner or as provided by law; and (2) cease and desist orders prohibiting TTi HK, TTi NA, One World, and OWT from conducting any of the following activities in the United States: importing, selling, marketing, advertising, distributing, transferring (except for exportation), and soliciting U.S. agents or distributors for, access control systems and components thereof covered by one or more of claims 1-4, 7-12, 15, and 16 of the '319 patent.

The Commission has also determined that the public interest factors enumerated in section 337(d) and (f) (19 U.S.C. 1337(d) and (f)) do not preclude issuance of the limited exclusion order or cease and desist orders. Finally, the Commission has determined that a bond in the amount of zero is required to permit temporary importation during the period of Presidential review (19 U.S.C. 1337(j)) of access control system and components thereof that are subject to the remedial orders. The Commission's orders and opinion were delivered to the President and to the United States Trade Representative on the day of their issuance.

The authority for the Commission's determination is contained in section 337 of the Tariff Act of 1930, as amended (19 U.S.C. 1337), and in Part 210 of the Commission's Rules of Practice and Procedure (19 CFR Part 210).

By order of the Commission.

Katherine Hiner
Supervisory Attorney

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